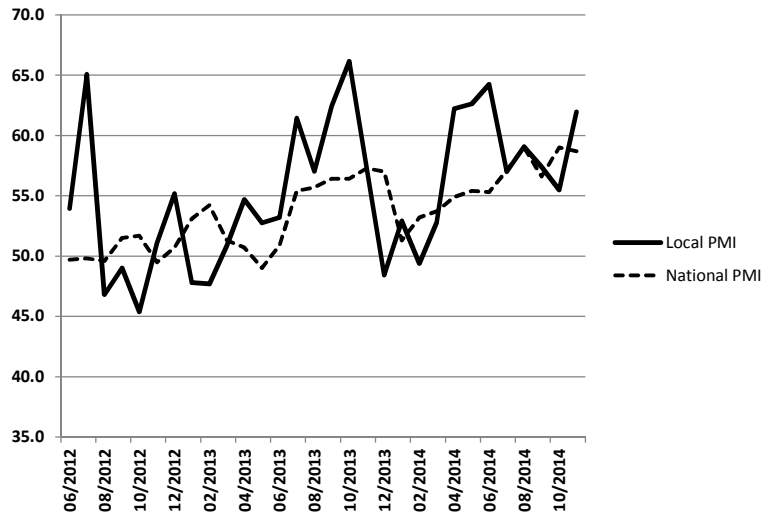


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The PMI Index

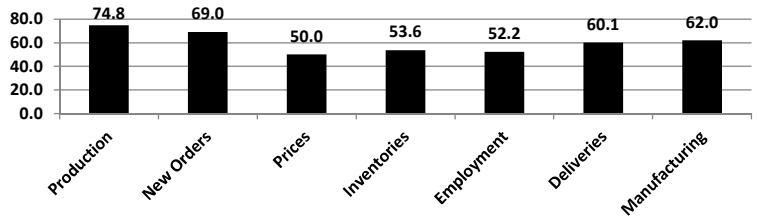
November's local PMI Index signified another month of increasing manufacturing activity among WNY survey respondents. This month's local PMI index value was 62.0, increasing from October's 55.5 value, while the national PMI index remained flat to prior month with a November value of 58.7. With the winter storm that came through Western New York in late November I was concerned as to what the survey results would show (according to when respondents answers were submitted), but again this month most indices indicate favorable results. In looking at statewide activity in November, the Empire State Manufacturing Report generated by the NYC Federal Reserve Branch also related increasing activity relative to prior month.

Looking at other indices locally, the employment index pulled back into increasing territory in November with a value of 52.2, not a strong rebound but a rebound nonetheless. I'll be watching to see how local participants respond to their December surveys, from my knowledge some facilities (especially in the south towns) had to run extra shifts to catch up from the delays and shut downs that resulted from the storm. Western New York manufacturing again exhibited a generally favorable month in terms of manufacturing activity among respondents.



This month (Seasonally Adjusted)

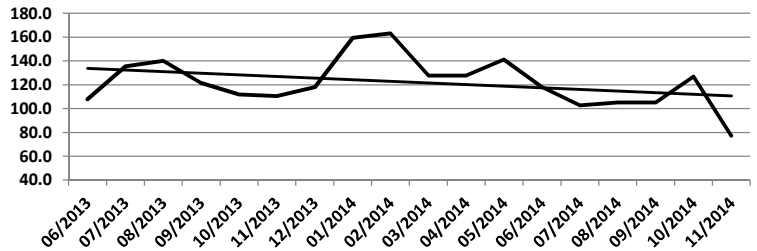
Index	Index	Direction	Rate of Change
Production	74.8	Increasing	Increasing
New Orders	69.0	Increasing	Increasing
Prices	50.0	Increasing	Flat
Inventories	53.6	Increasing	Decreasing
Employment	52.2	Increasing	Increasing
Deliveries	60.1	Increasing	Flat
Manufacturing	62.0	Increasing	Increasing



Production Buying Policy

Survey respondents reported days ahead commitments dropping pretty notably in November to 77.1 days from October's 127.1. While we have been generally trending downward in terms of production buying policy over the past year or so this seems out of pattern. It's something to watch, but a single month may not necessarily signal a more short-term outlook quite yet.

Production Buying Policy

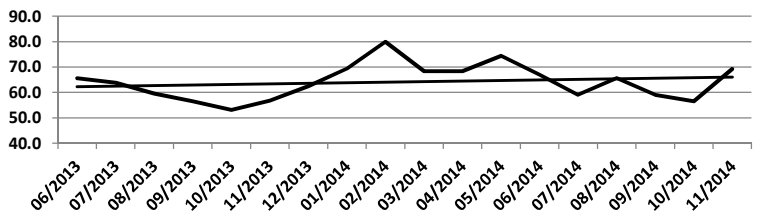


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies pulled above the long term trend to 69.3 days from October's 56.5. This is more drastic movement in MRO than has been the norm since my tenure began watching the local indices.

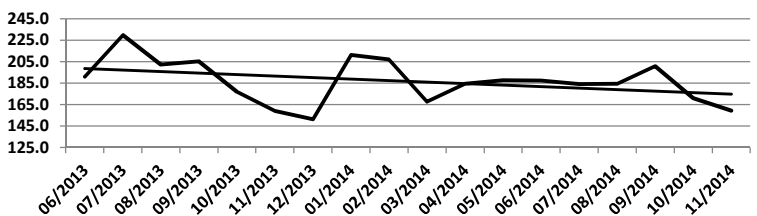
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers are making capital equipment buying commitments an average of 159.3 days ahead, falling further from October's 171.1 days. This, combined with the declines in production, are somewhat concerning, although I still discount them due to the continued positive overall results in many of the other series.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
November 2014	57.1%	28.6%	14.3%	71.4	59.1
October 2014	40.0%	30.0%	30.0%	55.0	76.9
September 2014	36.4%	36.4%	27.3%	54.5	68.2

The Production diffusion index continued its eleventh straight month in expansionary territory at 71.4, increasing nicely from October's 55.0 level. The index pulled above the general long term trend, and is one of the strongest positive notes from November.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
November 2014	57.1%	14.3%	28.6%	64.3	54.5
October 2014	40.0%	20.0%	40.0%	50.0	73.1
September 2014	36.4%	36.4%	27.3%	54.5	68.2

The non-seasonally adjusted New Orders index related nice increases to prior month with an index of 64.3 in November. This index hasn't seen values of this size since June's 70.0 index value. After flirting with the tipping point of 50.0 (below which signifies decreasing activity), November's index value was a reprieve.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
November 2014	14.3%	71.4%	14.3%	50.0	50.0
October 2014	20.0%	70.0%	10.0%	55.0	46.2
September 2014	27.3%	63.6%	9.1%	59.1	50.0

The Commodity Price diffusion index continues in expansionary territory at 50.0, although barely. This index value is likely to be expected as the effect of lower oil prices work their way into other commodity prices with lowered input prices and transportation costs.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
November 2014	28.6%	42.9%	28.6%	50.0	54.5
October 2014	40.0%	30.0%	30.0%	55.0	65.4
September 2014	36.4%	36.4%	27.3%	54.5	45.5

The Inventories of Purchased Goods index remained in positive territory in November at 50.0, slightly off from September and October index values. We haven't seen the inventory declines in 2014 when looking at last year's performance in fourth quarter.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
November 2014	28.6%	42.9%	28.6%	50.0	45.5
October 2014	10.0%	70.0%	20.0%	45.0	46.2
September 2014	27.3%	54.5%	18.2%	54.5	50.0

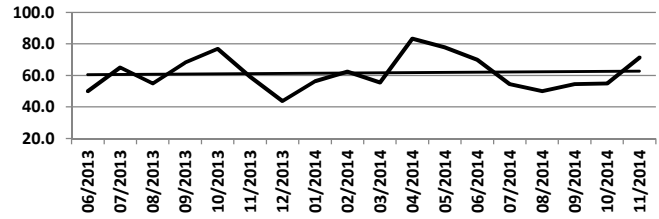
The non-seasonally adjusted Employment index came in at 50.0 during November signifying expansions in employment among respondents. Index values of 50.0 denote the tipping point between expansion and contraction so we remained relatively weak in this area during November, although definitely above prior year index values.

Vendor Deliveries were:

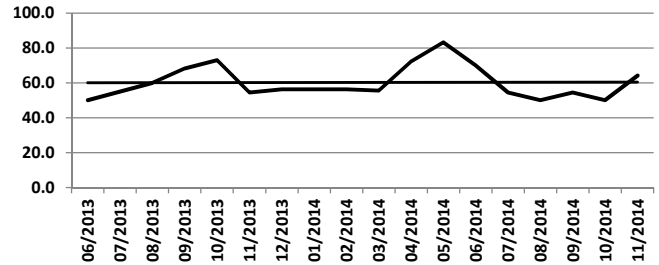
Period	Higher	Same	Lower	Index	Prior Yr
November 2014	28.6%	57.1%	14.3%	57.1	54.5
October 2014	10.0%	90.0%	0.0%	55.0	50.0
September 2014	18.2%	81.8%	0.0%	59.1	54.5

The Vendor Deliveries index bumped up slightly to 57.1 in November from 55.0 in October, remaining in expansionary territory. We continue above last year's index results at this time of year while trailing the long term trend.

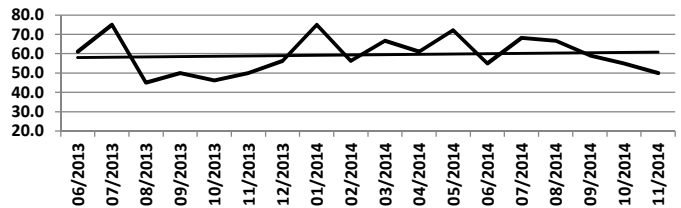
Production - Diffusion Index



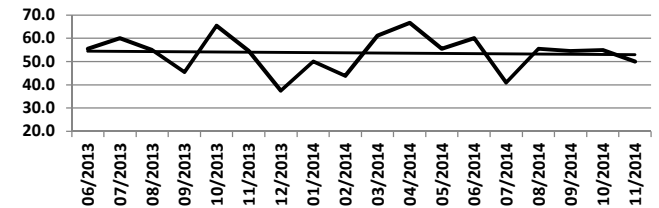
New Orders - Diffusion Index



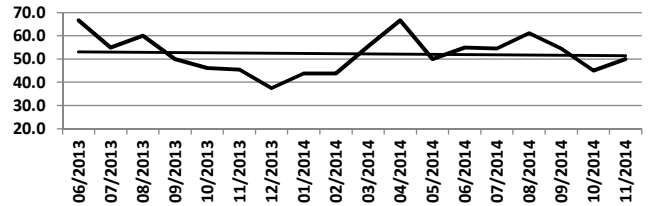
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

